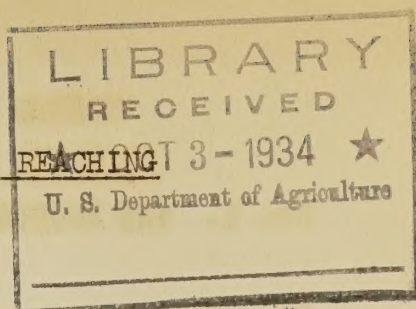


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FOREIGN DAIRY PROGRAMS FAR



Milk Licenses and Marketing Agreements used thus far by dairymen of the United States under the Agricultural Adjustment Act, and even the production control program discussed by dairymen last April, are no more far reaching than existing or proposed programs considered by Government authority abroad.

Throughout the world the position of the farmer in bargaining for an equitable share of the restricted returns from dairying is recognized as gravely weak. The need for corrective measures under Government sanction and support has resulted in new schemes for market control in England, Scotland, Wales, Canada, Australia, South Africa, Holland, Denmark and Germany.

The general effect of these programs has been to emphasize nationalistic viewpoints and stress group action instead of individualism.

Compiled by Division of Information for Reference
And Use of Dairy Section Staff and
Milk License Administrators

Agricultural Adjustment Administration - - - Washington, D. C.

September, 1934

FOREIGN DAIRY PROGRAMS FAR REACHING

No. 1. THE ENGLISH MILK MARKETING BOARD PROGRAM

Even though Great Britain is a deficit milk producing country and imports vast stores of manufactured dairy products, the country is not free from so-called "surplus" milk conditions when a fair price in relation to markets for fluid milk is taken into account. More milk is available than can be sold at a price which enables producers to operate safely, the while butter consumption in England is relatively high and increasing in per capita rate, the utilization of fluid milk in direct human consumption is in as unsatisfactory a condition as it is in this country.

The resultant legislation, supported by farmers, is a combination of the pool plan, plus a subsidy from the Government to put a bottom under the domestic price level, and a joint publicity fund provided by producers, dealers and the Government, to promote wider use of fluid milk.

Causes leading to the present novel program in England may be summed up as competition among producers for the higher fluid milk markets, price cutting by producer-retailers, huge alleged profits and privileges held by dealers, rising costs of production for milk, and a need for more consumption of whole milk.

A thorough countrywide discussion of the proposed scheme contained in the 1933 official report of the Reorganization Committee for Milk led to a plebiscite or general industrial ballot by registered producers of the nation, which took place on September 6, 1933.

The poll resulted in favorable support to a milk market scheme by 96.42 per cent of the voting producers owning 96.6 per cent of the milk cows. Over 150,000 votes, representing about 90 per cent of all the registered producers, were cast.

Voluntary Adjustment By Farmers

Examination of the contracts and regulations thus endorsed by a tremendous majority of the producers indicate that British dairymen are not averse to "guild socialism" or voluntary regimentation for mutual welfare in a national crisis. Inasmuch as far more than the necessary two-thirds of the registered producers with two-thirds of the milk supply had endorsed the plan, it was put into operation early in 1934. Only registered producers are allowed to sell milk. Only producers with four cows or fewer who sell no milk or who sell milk only to domestic servants, are exempt from registry. This amounts to "licensing" of producers, which has not been attempted in the United States

The warning, "Farmers who sell milk without being registered or exempt from registry after October 6, 1933, are liable to a penalty of 100 pounds, plus half the price for which the milk was sold," was published in British farm journals. Heavy fines have been collected in some cases of violation. This has not yet been true in the United States.

Pool for All Producers

The general plan is a pool on all milk sold in the country, which is divided into eleven regions. The central Marketing Board is elected by registered producers, and each region also has its own board similarly elected. The general manager chosen to head the pool and accounting office for all producers had several years experience as manager of the London Cooperative Society, Ltd., which employs over 12,000 persons, farms 850 acres, and produces and distributes milk.

The Board is the official business agent of the producers. It determines prices, terms and contracts for the sale of milk by contract producers, although prices for "liquid" milk are established only after consultation with agencies on each regional market, together with not more than three representatives named by the Minister of Agriculture. The Minister of Agriculture may fix the price if the Board and the buyers cannot agree. The Board requires that the purchase price for milk be paid to it and that contracts are conditional on confirmation by the Board.

Farm Price Set by Board--No Fixed Resale Prices

The purchase price for milk set by the Board varies in different districts. The price is largely based on the utilization of milk, whether as fluid or diverted to manufactured channels. The price to be paid uniformly for liquid milk is announced by regions each month. Producers pay transportation charges.

The British scheme originally included the determination of resale prices to consumers, which was the case in the earlier contracts with wholesalers and producer-retailers. The Journal of the Ministry of Agriculture pointed out that retail prices were higher than necessary to cover costs and reasonable profits, and the Consumers Committee for England also voiced the same complaint against setting the seal of Government approval on high resale margins. Hence in drafting new contracts effective in April, 1934, the Board cut out "prevailing price" and inserted "minimum appropriate price," which means the prescribed monthly liquid price set by the Board, plus a minimum margin which differs with each region. This experience checks with that of the Agricultural Adjustment Administration. The new plan gives play to competitive elements in dealing with consumers' prices.

The Operation of the Pool

The British milk pool establishes a fund obtained through levies on every gallon of milk produced. The producer gets his regional pool price, minus deductions, regardless of the purpose for which his milk is used. Equalization of the proceeds of the sale of milk at wholesale by registered producers in each region is the main object. It is designed to guarantee all producers an equitable share in the higher price for liquid milk as well as to cause each of them to assume an equal responsibility in sharing a lower price for the national surplus above liquid requirements.

Producers, including those who retail milk, get premiums on the basis of uniform or "level" deliveries and for extra quality standards, which do not go

into the general pool account but are paid as individual bonuses. As a further aid to stimulating production of high quality milk, the establishment of an accredited class of producers is contemplated.

The Board notifies the dealers what the prescribed buying price shall be each month. It sends to each contract producer a statement of the net amount due him for milk, showing the monthly deductions necessary to equalize prices between fluid and manufactured milk as well as the general levy upon all producers.

Milk is paid for at pool prices to prevent buyers from getting liquid milk at the terms of the lowest bidder. This tends to remove the disparity between fluid milk prices and prices for manufactured milk. The records indicate the way in which the English milk pool has worked in periods of high and low surplus.

April Fluid Sales High

In April the sales of fluid milk direct were about 44 million gallons, or 72 per cent of the total milk in the pool. Milk used for manufacture amounted to 18 million gallons, or about 29 per cent of the pool volume.

All buyers had to pay 12 pence per gallon to the pool through the Board, except in the South Eastern region where local demand kept the price at 13 pence. The recovered price for milk used in manufacture was 5.58 pence per gallon. The Far Western region had the largest proportion of milk used in manufacture and the South Eastern region had the largest portion of its production used in direct consumption, as customary there. The other nine regions differed in their milk utilization.

Prices Levelled to Producers

Deductions from sums due producers amounted to one penny per gallon from the liquid sales to be allocated in the whole pool in proportion to the milk used for manufacture and liquid purposes by regions. All producers in the pool paid one-fourth of one penny per gallon of sales for the Board's expenses, liabilities and reserves. Separate pool contributions were required from producer-retailers, who were also credited with a halfpenny per gallon for "level deliveries" of milk.

The net pool payments to producers in the South East region where fluid sales were highest amounted to 11 1/2 pence or about 24.1 cents per imperial gallon, and in the Far West region of highest manufactured milk proportions the net pool price was 10 1/4 pence, or about 21.5 cents per imperial gallon.

As the average receipts from the 29 per cent of the milk sold for manufacture of 5.58 pence, or about 11.7 cents per imperial gallon, the effect of the leveling off in the net prices to all producers within the pool within a range of 21.5 cents to 24.1 cents per gallon is apparent. They shared the effect of the lower price and all received a more uniform rate of return, with premiums outside of this for level delivery and quality milk.

June Surplus Sales High

In June the situation had changed, so that the milk used in fluid sales represented only 58 per cent of the total while the surplus had mounted to 32 million gallons instead of 18 millions, or 42 per cent of the total pool in place of 29 per cent as in April.

The Board price to buyers in all regions was uniform at 12 pence per gallon. The realized value of manufactured milk was 4.5 pence per gallon.

There was no general expense levy by the Board in June. The usual deductions of one penny per gallon on all sales for liquid purposes were made. The South East regional pool, where fluid sales were still in highest proportions to total sales, returned 10 3/4 pence, or about 21.7 cents per imperial gallon to producers. The West Midland pool in June had the largest surplus proportion and returned 9 3/4 pence per gallon net to producers, or about 20.4 cents per gallon.

As the average receipts from the 42 per cent of the milk used in manufacture were about 11.3 cents per imperial gallon, the June prices in the pool were leveled off within a range of from 20.4 cents to 21.7 cents per imperial gallon.

July Fluid Sales Rise Again

In July, 1934, the pool indicated that about 71 per cent of the milk was used in "liquid" sales, or 45,507,000 gallons, leaving a surplus for conversion into manufactured products amounting to about 29 per cent, or 19,370,000 gallons. The Board price to all buyers was 12 pence per gallon for fluid purposes, or a trifle over 25 cents per imperial gallon in July. Manufactured milk realized 5.67 pence per gallon, or about 11.8 cents per imperial gallon.

The deduction for expenses, liabilities and reserves from producers for July milk was one-fourth penny per gallon, or a little over one-half of one cent. The Southeastern Regional pool again held the largest proportion of fluid sales to total deliveries, and their net price to contract producers was 11 1/2 pence per gallon. As the returns from the 29 per cent of the milk utilized in manufactured products was about 11.8 cents per imperial gallon, the effect in July was to level off the pool prices within a range of from about 21.5 cents to 24.1 cents per imperial gallon, according to the relative proportions of fluid to surplus in the eleven regional pools.

The pool prices for 1934 are briefly added as follows:

English Pool Prices to Contract Producers

(To get approximate cents per gallon, multiply by 2.1)

(The English imperial gallon equals 1.2003 U. S. gallons)

Month	Milk Surplus for Manufacture	Highest Pool Price net per gallon	Lowest Pool Price net per gallon
January	20.2 per cent	15 1/4 pence	13 1/4 pence
February	21.7 per cent	14 1/2 pence	13 pence
March	25.7 per cent	12 1/2 pence	11 1/4 pence
April	29.0 per cent	11 1/2 pence	10 1/4 pence
May	40.0 per cent	10 1/2 pence	9 3/4 pence
June	42.0 per cent	10 3/4 pence	9 3/4 pence
July	29.0 per cent	11 1/2 pence	10 1/4 pence

Minimum Factory Milk Prices Guaranteed

Supplementing the pool, the Government has agreed to put a bottom under the price realized by the Milk Marketing Board for milk manufactured at factories and on farm cheese. The Board is guaranteed a minimum price of 5 pence or about 10 1/2 cents per gallon for such manufactured milk delivered in summer seasons, and 6 pence or 12.6 cents for winter milk at factories. If at any time the realized price obtained by the Board falls below those minimums the Exchequer will advance the difference between the sales price and the minimum. Ordinarily the realized value of cheese is based on imported cheese prices less manufacturing cost.

Repayments of these advances are required, beginning April 1, 1936 and running for two years thereafter.

Milk Publicity Aided by Government

Milk publicity is secured through an agreement, sustained by law, between the Government and the contract producers and milk dealers. In return for the contribution by the Government of up to five hundred thousand pounds in either of the years 1934 and 1935, the Board agrees to levy upon producers by deducting once a year from their payments for milk and likewise to add the same amount to the sales price charged dealers. The committee in charge of the fund will not only devote it to educational work to increase consumption, but it will aim to provide school children with milk.

The plan is to provide school children with milk for a halfpenny, or about one cent, for one-third of a pint, which is a cut of about half in the usual rate.

This Government participation financially in specialized food promotion has never been recognized as feasible in the United States. A proposal to distribute low cost milk in schools was part of the dairy program suggested by the Agricultural Adjustment Administration in April.

Pure milk supplies and cattle disease control are also provided for in England by a public fund not exceeding 750,000 pounds, spread over four years.

Scheme to Establish a Roll of Accredited Producers.

The Milk Marketing Board of England sets forth in a pamphlet dated August, 1934, its "scheme to establish a roll of accredited producers," with "clean milk," increased liquid sales, and improved pool prices as the ends in view.

Milk producers who meet the requirements are to receive a penny more per gallon (about \$.24 per hundredweight) than other fluid milk producers. This bonus is to be paid out of a central fund raised by "a small levy on all milk produced."

Consumers will not be asked to pay more for this accredited milk. The Board believes that to increase the price would induce the public to buy less milk on the ground that it is being asked to finance a luxury, and also cause suspicion of milk which is non-accredited. The Board is confident that under its plan the levy upon all milk producers will be more than made up to them through the pool, due to increased consumption of milk in fluid form.

Asserting that quality is the essence of successful marketing, the Board in this national campaign for better milk, is calling upon County Councils and Health Authorities to collaborate in the plan, and hopes to introduce the "Roll of Accredited Milk Producers" not later than January 1st, 1935.

"Accredited Milk," as defined by the Board, "will be milk from cows that have been clinically tested, from farms where scrupulously clean methods are practised-and itself a product subject to bacteriological tests."

NO. 2--SCOTLAND DRAFTS DAIRY REGULATORY PLANS

Under authority of the Agricultural Marketing Act of 1931 and 1933, a detailed scheme has been drafted for regulating milk marketing in Aberdeen and Kincardine counties of Scotland.

The scheme requires producers to register, exempting only those who sell milk to employees or neighbors in small quantities. The proposed Administrative Board would be composed of four representatives of registered producers who do not belong to the Aberdeen and District Milk Agency (a cooperative organization) and two members named by the management committee of the Aberdeen and District Milk Agency.

The scheme is subject to a poll of registered producers, and after it has been in operation 20 per cent of the registered producers may petition for another poll to consider its abandonment.

Board powers would be granted to the Administrative Board. These powers would include buying milk and producing cream and manufactured products; determining prices at which and terms under which milk may be sold either by the Board or by registered producers for liquid consumption or for manufacture; entering into marketing agreements in regard to the sale of milk with any board operating a scheme under the Act or any corporation or company dealing in milk; and to buy and sell land and property and to encourage agricultural co-operation.

The Board is bound to arrange for the disposal of all registered milk products. Without the written consent of the Board registered producers may sell only to such persons or agencies or societies as the Board designates.

After the suspensory period, the sale of milk by any producer who is neither a registered producer nor exempt from registry is prohibited, either within the district included in the scheme or elsewhere.

Fines For Violations

Fines for violations of the provisions of the scheme are set up. The violations named as being subject to penalty recoverable by the Board in civil law suits are:

(1) Selling registered products at prices lower than those established by the Board or to other than a person or agency designated.

(2) Failure to furnish information on the registered product as required by the Board, or willfully furnishing false and misleading information.

(3) Obstructing or interfering with the persons authorized by the Board to administer the scheme.

Fines of not over 10 pounds for the first offense and not exceeding 100 pounds for succeeding offenses are fixed.

Hauling of milk is regulated. The Board has power to fix hauling rates by road and may permit hauling of milk only by contracted haulers.

In arriving at prices to be established for liquid and manufactured milk the Board consults with a joint committee of distributors and manufacturers.

The Board will determine basic quantities of milk for each producer other than producer-retailers, with respect to production in the November-December-January period preceding date of base determination.

Producer-retailers must make reports on sales of milk at retail to the Board, and make contributions on a cow basis for an adjustment fund.

NO. 3--PROPOSED MILK CONTROL IN CANADA

In Canada the provinces exercise some milk control, their extent, however, varying widely. In British Columbia, a provincial act makes cooperation compulsory for milk producers. Different degrees of control also exist in other provinces and in municipal areas.

However, the real measure of willingness to exert drastic milk control is being tested in the Agricultural Marketing Act, introduced in the House of Commons by the Minister of Agriculture. The act as passed would give to producers of agricultural products even more control over the marketing of their products than exists in England.

The bill as drafted would set up a Dominion Marketing Board which would be a parent organization, which in turn would cooperate with boards set up by the provinces. The Board would be established by the Governor in Council.

The Board under the proposed bill would have powers to regulate production and marketing of products, and to prohibit the marketing of any regulated product.

Like the Central Marketing Board in England, the Canadian Board could require the registration and licensing of any producer or anyone engaged in marketing. It may cancel licenses, and violations of its orders may subject the violators to a fine of not more than \$500, or a maximum sentence of three months.

The Board may set up a control scheme on the request of the Governor in Council, after petition for such a scheme has been made by a representative number of producers. If the scheme is put into effect, compliance of all producers is compulsory. In the absence of petitions, the Minister of Agriculture may request the Board to set up a scheme. The Act provides that the Board may compensate licensed persons for losses they sustain in complying with orders of the board. It also provides for compensation to persons who sustain losses as the result of depreciated currencies of other countries to which they export products.

In these general provisions, the Bill follows the general lines of the British Agricultural Marketing Act. One of its provisions is a notable addition. This is a provision for investigating and controlling the spread between the producers' price and the retail price. The Board is empowered to appoint a committee to investigate the records of any marketer. The Committee is authorized to define what spread in price unduly advances prices, or is deemed detrimental to the public interest. Where spreads are deemed detrimental to the public interest, the marketer is subject to a fine.

Under provisions of the Bill, the Governor in Council would be empowered to restrict imports of any products that are in competition with

regulated products, and importers may be licensed. The scope of the Bill would extend to any products whose principal market is outside of the province in which they are produced or which are exported.

A report of the Dominion's Department of Agriculture in February, 1934, indicates that milk production in Canada somewhat parallels the situation in the United States. In 1933 the number of milk cows increased in every province except Alberta and British Columbia. The greatest increase was in the Western provinces, and this fact was accepted as an indication that there had been an increase in the number of beef grades that are being milked because of low returns from beef production. In 1933 the number of dairy heifers in the Dominion increased by 5.8 percent over 1932. In butter production the Western provinces also showed the greatest increase. Poor pastures, drought conditions and feed supply, offset the increase in dairy cows.

THE BRITISH COLUMBIA DAIRY ACT

British Columbia, a province of Canada, has had an "act for the relief of dairy farmers" since 1929, amended in 1930 and again in 1931.

It provides that the lieutenant-Governor in Council may, by order of the Council, appoint a committee of adjustment for the dairy industry within any section of the province.

Farmers desiring the establishment of such a committee must call a regional conference after legal notice published in local newspapers. All dairy farmers are entitled to attend the meeting and if 66 percent of those present vote for a petition to the Lieutenant-Governor, the regional group may proceed with such petition.

The function of the committee of adjustment is to "apportion the difference in value received from the sale or other disposition of manufactured products produced in such portion of the province as may be set forth in the order". No order may be extended to include new territory not covered by original petitions until the dairy farmers at a legal meeting decide by a vote of at least 66 percent of their number to favor extending the territory.

The committees are to be created as corporations, three persons being named, one by the cooperative associations, one by the dairy farmers not members of cooperative associations, and one by the Lieutenant-Governor, whose appointee is to be the chairman.

Certified milk and premium milk is not included in the terms of the Act.

The duly constituted adjustment committee has wide powers.

First, it may ascertain by certain or expedient means the standard price for milk and the standard price of manufactured dairy products and the amount of each sold or disposed of.

Every distributor is required to make reports not later than the

15th of each month on his returns on milk and manufactured dairy products purchased from farmers and is also required to file bills of lading, account records, and statements to verify his claims.

May Inspect Distributors' Books

The committee has power to inspect books and records of all distributors and dairy farmers and to employ auditors to check the books.

The committee may require reports from producer-vendors on their sale of any manufactured products. If the committee finds that such persons retain the skim milk and hence have undue advantage over others who sell whole milk, the value of the skim milk may be set and deducted from any credits due to the producer-vendor on account of manufacturing he does.

The committee has for its guidance a definition of "standard price for milk". This is defined in the Act as "the average price paid from time to time by retail purchasers for 3.25 percent butterfat milk, less a spread covering distributors' cost of distribution and a reasonable profit to distributors, which spread shall be determined by the committee."

May Equalize Prices

The committee, after finding a reasonable price for milk, may pass orders or resolutions which have the effect of spreading the income equitably over the whole body of dairy farmers in the district. It is, in effect, an equalization pool.

May License Producers

The committee of adjustment also has the power to issue licenses to individual dairy farmers, and no farmer may sell milk without first applying for and obtaining a license, subject to penalty for violation. It will be an annual license and no fee is charged for it. Exemptions to this rule may be granted with full discretion by the committee, if applied for in writing.

Members of cooperative marketing associations in good standing need not obtain licenses. However, such an association is required to secure licenses for each of its members, authorizing the association to sell milk for each member.

Licenses may be revoked and the dairy farmer may not, during its revocation, sell or dispose of milk and dairy products.

Appeals to the County Court are provided, and the Court's decision is final except that points of law may be taken to Appeals Court.

The British Columbia Act is an enabling law which depends on action by petition from dairymen.

It permits adjustment and equalization, but it specifically provides that nothing in the Act may be construed as price fixing for milk and manufactured dairy products, nor dictation as to the amounts, to whom, or when milk may be used by dairymen.

NO. 4--AUSTRALIA AND SOUTH AFRICA USE CENTRALIZED POWER TO AID DAIRYING

The Federal Parliament of Australia and the Governments of three other States, including New South Wales, have replaced the suspended Paterson butter plan with a quota system and an equalization plan, after months of discussion by producers thoroughly aroused over the weakness of their position. The scheme is designed to do away with interstate competition and detrimental price cutting, and to enable the industry to obtain a more or less satisfactory local price for milk and manufactured dairy products without greatly interfering with ordinary trading channels such as factories or shipping agents.

The equalization plan came into force on May 1, 1934, at which time the controlling company in charge of the program fixed the all-Australian butter price at 140 shillings of 112 pounds as against the then London parity price of 70 shillings. It was pointed out that under the Paterson plan, which was being disregarded by some of the factories, the Australian price could scarcely have reached a figure of 84 shillings, but that on the effective quota of 50 per cent of total volume for export and 50 per cent for domestic use, the equalized return should be not less than 110 shillings. The law creating the plan includes provision for a vote by producers after it has been in operation a few months, to decide whether it will be retained.

Eminent authorities rendered opinions as to the soundness of the law, It is a joint effort by the central Government and the States to stabilize the dairy industry, and a corporation was chartered to control the scheme. The underlying principle is to assure to all manufacturers of dairy products the same rate of return on quality butter, regardless of where it is sold. Reports required from manufacturing companies and sales agents as to stocks on hand, current manufacture and the disposal of the butter, form the basis of the working equalization plan.

In this way the Company is able to secure information as to the amounts sold by each manufacturer on the intrastate, interstate and overseas markets. This information indicates the volume upon which to establish the price. Choice standard goods are the basis of the price quotations. Intrastate prices are equalized by the Company, based on averages during the month calculated on a daily basis. Interstate prices are equalized at the date or dates of shipment as fixed by the Company. The overseas equalization is determined on the average of the London prices ruling between the seventh and fourteenth days after arrival of each shipment to England as cabled by the Dairy Produce Export Board, with other alternative authority to be quoted if desirable. From these prices is determined a general average price in respect to all shipments of dairy produce from each State, in the volume to which the equalization applies. This price is then adopted as the price for all shipments, minus Company charges or plus extra receipts due to exchange. Normal unsold dairy produce must be reported by the producers and manufacturers as such, and is dealt with by the Company as sales "when consigned overseas and/or sold."

State Secretaries wire the factory figures on sales and realized prices to the Head Office, and with these data on hand the Company will know the exact movement and exact rates and be able to determine an average price, and then to apply that price to each State's total sales for the period.

To secure for exporting factories as speedily as possible any money due them under the equalization plan preliminary payments are made before the actual equalization is announced and paid. Farm buttermakers will be given the same opportunity to enter agreements with the Company. The Company also arranges to supply factories with information on local and overseas sales, so that the whole country may act in unison with the same information available.

EVIDENCE GATHERED BY THE COMMISSION

During the preparation of the official dairy report of 1933, the Royal Commission of Australia secured evidence from dairymen, vendors, and factory managers, and from the offices of metropolitan health departments.

One of their chief recommendations based on their inquiry was that all pasteurizing depots and distributors should "keep such records as the controlling authority shall prescribe and that their books and records shall at all times be open to inspection by the officers of the control authority."

In their report last fall the Royal Commission said that sweeping changes in the present system of supply and distribution, with price fixation for whole milk for human consumption on a quality basis, was advisable.

They proposed specific licenses to dairy farms who ship milk for metropolitan consumption, and that such license should be obligatory whether the milk was sent direct to consumers or delivered to vendors or to large wholesale distributing firms.

They proposed to require the licensed dairymen to make reports and to maintain a maximum number of cows. They further proposed to limit quantities sold from farms to pasteurizing plants at a fixed weekly amount, specified in the licenses.

The Board would fix a prescribed price to be paid licensed producers for their allotted quotas delivered weekly. It was further provided in the suggested outline report that distributors should not deliver to consumers more than the aggregate amount of the milk which they were licensed to receive from producers during any stated period.

MILK PRICES AT ADELAIDE

The milk supply for Adelaide, the report stated, came from 5,800 cows, an increase of nearly 50 per cent in the past five or six years.

Whole milk for home consumption was being purchased from farmers f.o.b. city plants at from 6 to 8 pence per gallon, and finally reached consumers at an average range in price of 16 to 24 pence per gallon. Milk sold in stores was priced at from 12 pence to 20 pence per gallon. (The British gallon weighs slightly over 10 pounds against nearly 8 1/2 pounds to the United States gallon.)

In Adelaide the metropolitan distributors had increased in number from 700 in 1928 to 950 in 1933. Stores licensed to sell milk had increased from 187 to 336 in the interval. This checks with experience in this country, were

distributors have increased in number and competition with stores for milk sales has been keen.

RECOMMEND DISTRIBUTIVE ECONOMY

The Royal Commission of 1933 recommended that economies of 40,000 pounds sterling per year might be secured in distributing milk in Adelaide if two practices were used: (1) making the "rounds" of milk men extend over smaller areas; (2) abolishing the afternoon delivery of milk. (Two and three deliveries daily are common in Great Britain and many of the British colonies.)

The Commission did not recommend the restriction of consumer areas to certain vendors by zoning systems. Such restriction, they stated, would interfere with the natural wish of consumers to buy milk from selected distributors.

The report stated that producers would not benefit by opening the metropolitan area to uncontrolled competition from country surplus milk.

The Commission reported a producers' average price on the farm for milk delivered to distributors in Melbourne amounting to 9 1/2 pence per gallon, which was higher than the price realized by farmers f. o. b. plants in Adelaide. No figure on retail prices is included in the printed report available.

In Victoria it was stated that the Department of Agriculture controlled the whole of the milk business in the metropolitan area. Prices were not listed.

AUSTRALIAN BUTTER PRODUCERS TAKE LOSS

According to the Producers' Review of Toowoomba, Queensland, February 15, 1934, the butter producers of Australia took a severe loss at the prices received for 1933-34.

"There is tragedy behind the figures, and to the dairymen the reward for their efforts has been a lowering of their standards of living," comments the journal in presenting the statistics.

In 1928-29 production was 290 million pounds, which brought milk producers an average price of 15 pence per pound, totaling 18,125,000 pounds sterling.

In 1933-34 the production of butter in Australia was 480 million pounds, for which producers received an average price of only 7 pence per pound, or a total of 14,000,000 pounds sterling. Although butter production increased 77 per cent, the producers received more than a 50 per cent cut per pound, the loss not being made up by the huge increase in total pounds produced. It was pointed out that net returns on exported butter to England would bring the price on that portion down to about 5 pence per pound.

Dairy Control in South Africa

The Dairy Industry Control Board of the Union of South Africa gives a recent statement in the Farmers' Weekly. It claims that its present powers in price fixing are limited. "It is only when the Board is satisfied that the prices paid for Union butterfat to producers is unduly low as compared with the prices at which butter is sold that the Board, with the approval of the Minister of Agriculture, can fix a minimum price to be paid producers for butterfat."

At present the Board has powers by law to restrict the establishment of more creameries in order to increase the volume per factory of those now in business and so to reduce the overhead. The Board has during the past year refused many applications for licenses to establish new creameries. This is a question which has arisen many times in various dairy districts of the United States, but nothing looking toward any check on production except licenses for standards of manufacture, has been enacted. The increase in the number of small cheese factories in many parts of South Africa and the building of rival milk receiving plants at various times has contributed to high overhead and some unwise expansion, according to common knowledge in that country.

The Rhodesian Agricultural Union is seeking legislation for new milk marketing schemes. The proposals being advanced in Rhodesia include investigation of the cost of production and the prices paid.

It is being asked that the various sections of the industry shall, when they become sufficiently organized, have the power by law to determine conditions under which new producers of milk may enter the markets and to supervise the volume of production as well as its quality standards.

COMPULSORY EXPORT OF DAIRY PRODUCTS

Early in 1934 the Cooperative Commission concluded its report and stated that in South Africa, legislation for surplus products at present exists in respect to dairy products, maize, and tobacco. It was claimed that these compulsory export laws have been of material assistance in maintaining an internal price level higher than export prices, but it was admitted that there are defects in their legal and administrative provisions.

Australia and South Africa assert that the policy of the British Minister of Agriculture is to make the English farmer more secure in regard to his home market, and they believe that the outlook for exports to England is not so bright as it once was. This tendency to nationalism in economic matters is rapidly assuming large proportions in the foreign trade of many nations, and brings the subject of balanced domestic production into the foreground in many countries outside of the United States.

Commenting on the present situation, the South African Farmer of Pretoria says in its March 16, 1934, issue:

"Safe guidance through this difficult period can only be looked for from those who are prepared to discard old principles that no longer seem to hold good, and have the courage to apply methods that give reasonable promise of better meeting the situation."

RHODESIA, SOUTH AFRICA, PAYING BONUS

The Government of Rhodesia in South Africa is continuing to pay a bonus of one-half penny per pound, dressed weight, on "grass-fed chillers" cattle. The Colony's surplus cattle population is estimated at 210,000 head. Pressure is being exerted by cattle raisers there to increase the Government tax levy on slaughter from the present rate of 2 shillings six pence to 10 shillings, when animals are slaughtered for domestic consumption. The same conditions of slow domestic demand and restricted foreign outlets are evident there as found in many other counties.

No. 5--HOLLAND AND DENMARK REGULATE MILK AND
SLAUGHTER COWS TO RAISE PRICES

The Dutch government has undertaken to provide its dairy producers with a margin of profit by means of a labelling and price regulation plan. The plan applies to all dairy products. The prices to consumers in The Netherlands are advanced, and the government aims that this entire increase in price shall accrue to the producer. Every maker of dairy products in The Netherlands must be registered.

The working of the plan may be illustrated by the use of labels on cheese and butter. For every pound of butter made, the maker must buy and pay for a label. The price Dutch consumers pay for this labelled product no longer has any relationship to the world market prices. If the manufacturer is a factory, it is obligated in advance to pass the entire increase on to the farmer. In the event the individual farmer manufactures cheese and butter, he is connected with a control center, and is visited by an inspector who tells him what label to use. The farmer thus gets his increase direct from the buyer.

A Dairy Central administers the plan, and administrative expenses are defrayed out of money paid for labels. Only products for consumption in The Netherlands are distributed with the label attached, and only these products are subject to the label-price increases.

Edible fats are included in the labelling and price regulation plan. This precaution is taken to prevent consumers from turning to margarine to avoid paying increased prices for butter. Margarine manufacturers are required to mix butter with the margarine they produce. They must buy labels for their margarine, and also pay for labels for butter used in blending. Thus the differential between butter and margarine prices is kept constant.

A license is required in exporting butter. This license is obtained from the Dairy Central, which refunds to the exporter the sum paid for the labels by the buttermaker. The principle also applies to exportation of cheese, but not to exportation of condensed milk.

SLAUGHTER COWS TO RAISE PRICES

To relieve pressure on prices of dairy products and beef, at least two European countries, Denmark and the Netherlands, have undertaken a cow slaughter program. Denmark's chief reasons for doing so lay in the extreme curtailment of butter exports and higher import duties in other countries, which reduced the Danish beef exports greatly. The census reports compiled in Denmark indicate 1,774,000 head of cows and heifers in 1933 compared with 1,579,000 in 1929, 85 per cent representing dairy types. This net increase is less than the increase in dairy cattle for the same period in the United States.

The first Danish cattle slaughter scheme started in the fall of 1932, resulting in disposing of 22,000 head as tankage and meat meal. Funds available for compensation to farmers were insufficient to continue. In February, 1933, legislation to continue the aid for destruction of old and unprofitable cows was enacted. It became operative in March, 1933. Up to October 1, 1933, in a period of six months, 85,000 cows had been slaughtered. The carcasses which were passed by inspectors were converted into meat meal at existing slaughter houses, which paid the Government \$1.71 apiece for first class and about 42 cents each for

second class carcasses and retained the proceeds from the meat meal.

The Government appropriated about \$53,000 for the work and there is a slaughter tax of \$2.14 on every animal weighing over 77 pounds, dead weight, when intended for human consumption. Export slaughter is exempt from tax. Farmers notify the local committees one week ahead when they will deliver cows for slaughter.

Three grades of carcass are recognized in the scheme. The producers receive a range of payment from about one and a half cents per pound for animals showing disease lesions to about 3 1/2 cents a pound on first class healthy carcasses. Hides are the property of the committee and proceeds from their sale are used to meet budget.

At the specified rate of compensation, producers who sell a healthy dairy cow weighing 800 pounds would receive about \$28 and for a diseased cow of that weight the return would be about \$12. All farmers who slaughter cows for human consumption within the country must pay \$2.14 per head tax to the Government. This income plus the returns from hides and the specified sums payable by slaughter houses for first and second class carcasses, constitutes the fund available in addition to the original grant of \$53,000. Charges for slaughter are fixed on an agreed scale, payable by the committee set up by the Minister of Agriculture.

Calves under a year old have been reduced in numbers, while old cows had accumulated in Denmark. The bad export situation and the prevailing low butter prices forced the industry to demand some national control to meet the emergency.

DANISH HEAVY OLEOMARGARINE USERS

While butter prices remained low in Denmark oleomargarine consumption amounted to 161,597,000 pounds in 1932 compared with 197,716,000 pounds consumed in the United States with many times the Danish population, according to the Division of Statistical and Historical research in the Bureau of Agricultural Economics. Outside of the United Kingdom of Great Britain, Denmark consumes more oleomargarine than any other important European countries, despite its outstanding dairy position.

THE NETHERLANDS KILL COWS AND CALVES

Limitation of cattle numbers and control of future numbers by retaining only a specified proportion of the 1934 calf crop are included in a program now under way in The Netherlands. Like the Danish plan the Dutch program is not compulsory in regard to slaughter, but the calf-limitation plan contemplates permitting only 383,000 unregistered calves of both sexes and 26,880 registered bull calves to be retained in 1934.

The plan has been in operation since October, 1933. The Foreign Agricultural Service of the U. S. Department of Agriculture says that the scheme has not been operating long enough to definitely state how much effect it has had on increasing milk and beef prices. It is estimated, however, that the prices offered by the control authority for cows has had a stimulating effect on beef prices in open markets, while retail beef prices are higher than a year ago. Imports into the Netherlands are closely guarded by quotas and tariff duties.

In view of limitations placed on export markets for dairy products and beef from the Netherlands, the increase in cattle numbers from 2,366,000 in 1930 to 2,887,000 in 1933 is deemed excessive. The plan in effect is designed to gradually reduce the number of cows by 200,000 head, with further action beyond that point depending on industrial conditions and the results obtained in the cattle program.

The law which set up the cow-buying scheme is known as the Cattle Crisis Act of 1933, and has been followed by other Government decrees. The State authority in charge of the work is the Rundveeentrale, with headquarters at the Hague. Provincial cattle committee attend to the production control work and educational effort in the eleven regions, while provincial cattle removal committees are in charge of purchase and assembly of cows.

Slaughter houses handle the cattle purchased by agents of the Government control authority at a fixed scale of charges. The beef may be exported or sold to the unemployed at special prices but cannot be sold in competition with other beef on the open market. A small amount is permitted to find its way frozen into ship stores, but about 95 per cent or more of this beef is being boiled and sold to the unemployed in tins of slightly over two pounds weight. Each average carcass produces about 385 pounds. Cards are issued to persons on relief who obtain their beef in stores designated by each municipality. The tins sell for about 23 cents each. Of this sum the control authority receives the major share and a small percentage goes to the store and the municipality.

A slaughter tax of 20 per cent is the source of revenue for financing the scheme. This tax is over and above the former established 10 per cent tax on slaughter which has been in effect since early in the 19th century. There is also a 4 per cent manufacturers' tax which was imposed in January, 1934. This tax in substance is similar to the processing tax used in the United States, although not disbursed under contracts or under like regulations.

No. 6--DRASTIC NEW DAIRY SYSTEM IN GERMANY

All previously existing organizations in the German dairy industry are dissolved and all regulations or decrees not in harmony with present official regulations are cancelled, according to the control orders issued by the Act of December, 1933, which places dairy trade under the supervision of the Bureau of Dairy Products, Oils and Fats.

Lawsuits pending in old courts of arbitration are transferred to the new courts of arbitration, whose decisions in cases not involving more than 6,000 reichmarks are final. These courts are under the guidance of the Commissioner for Cattle, Milk, and Fats, who may enforce their orders by calling upon police if necessary. These courts for dairy cases consist of a judge named by the Supreme Court head and an assessor designated by each party to the suit. Matters involving more than 6,000 reichmarks may be appealed to the Supreme Arbitration Court, representing the Main Dairy Association of Germany.

Penalties for violations of organization regulations include imprisonment and/or fines up to 100,000 reichmarks, except in cases of negligence only, when the fine is not over 10,000 reichmarks.

The basic organizations are known as Milk Supply Associations. Their purpose is to regulate the sales and distribution of milk and milk products, except for special articles like butter, soft cheese, and preserved milk and cream, which are controlled through national units of their own. Membership in the local supply associations include producers, processors, and distributors, excluding handlers of the special articles named. All handlers must join the supply units, in order to remain in business and their membership ceases if they close down or are suspended upon order of the association.

Government of the local supply associations is in charge of a president, named by the head of the Milk Trade Association to which the supply unit belongs, and an elected body of directors and an assembly of representatives. The State Farm Leader, (Landsbauerfahrer) must concur in the choice of a president for these locals.

The presidents of the local supply units, with the approval of their boards, have the following powers and duties:

1. Stipulate the amount of drinking milk to be delivered by concerns within the unit.
2. Issue regulations on collection and delivery of milk and take steps to reduce its cost.
3. Direct placed to which milk is delivered, particularly as to producers who sell to manufacturing plants.
4. Regulate the charges and payments for milk delivery.
5. Stipulate the prices and profit margins for milk and its products outside of the special classes mentioned. In such cases the Price Committee is consulted and the prices must have the sanction of the Main Trade Association.

6. Fix the amounts to be produced by each member of the dairy group, such as concerns that treat milk, and limit the production of certain products or even close down plants for temporary periods.
7. Regulate expansion and improvement in concerns for a stipulated time or to allow them to be made on approval only.
8. Levy fines on those who disobey orders amounting to not over 1,000 reichmarks, and collect payments from its members to cover administration costs.

Provision is made for damages caused by closing down of plants or confiscation of property without cause, and the price fixing function is expected to conform closely to the suggestions of the Commissioner.

District Milk Trade Units

Groups of local milk supply associations are banded together to form Milk Trade Associations. Germany is divided into 15 districts, with one milk trade association supervising the activities of the local supply units in each district. Their function is only to supervise and not to engage in trading themselves. The president is named by the president of the Main Association, and approved by the State Farm Leader, while the directors are chosen from each of the local supply associations, named also by the same two persons. The number of supply associations in each district ranges from three to eight.

The Central or Main Trade Unit

The German Milk Trade Association is the main body. Its duties are supervisory also and include direction of the entire system of organizations and the matters of industry and trade. Berlin is the headquarters. It has no active trading powers. The president is named by the Minister of Foodstuffs and Agriculture, while the directors are named by the member associations and the Minister.

Special National Trade Units

Sandwiched in between the district and national units are the National Special Trade Associations for soft cheese, preserved milk, and butter and cheese wholesale distributors. Each of these separate national specialized units belongs to the Main Trade Association, but they cover in themselves the entire country.

The soft cheese association is composed of producers and regulates sales and distribution. The preserved milk unit regulates sales and distribution and may set prices of evaporated milk, cream, and casein. The butter and cheese unit is a body of wholesalers who do not establish prices.

The Commissioner's Power

The head of the entire organization is the Commissioner of Cattle, Feed, and Fat Industry, with almost dictatorial powers subject only to the Minister of Foodstuffs and Agriculture. He has a representative in each district who acts as his observer and adviser. He administers the principles that guide the courts of arbitration and its police power. He has power to nullify acts of the Main Trade Association at any time if in his judgment the welfare of the dairy industry demands it. He also has authority to supervise and inquire into records and accounts of all concerns engaged in the industry. He is also consulted and informed at all times on prices and margins of profit allowed by associations in handling milk and dairy products.

The provision for the courts of dairy arbitration was designed to settle disputes speedily without having the delay incidental to lengthy law court procedure. The new measure enacted into law last year prepared the way for a wider control of the industry by giving the German Government absolute power over the importation of foreign dairy products which might otherwise interfere with the regulation of the domestic dairy market.